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ANNUAL REPORT

1971



CALVERT-DALE ESTATES LIMITED



CALVERT-DALE ESTATES LIMITED

ANNUAL REPORT

1971



## DIRECTORS' REPORT

to the Shareholders

For the second year in a row the Company has operated in black ink, although the operating profit this year was extremely small.

The improved operating results of fiscal 1970-1971 were offset in part by the general sagging of the economy of the country. The difficulties in the Province of Quebec, in which we do approximately half of our business, affected us severely. This was an event that could not be anticipated and hopefully will not be repeated.

The cash position of the Company continued to be a problem. Capital expenditures for 1970-1971 (excluding payments to our planning consultant) were \$75,088. The servicing of long term debt increased current cash outflow. Receivables are in excellent condition, but lower production and consequently higher purchases of flowers from other sources added to the demands on our working capital.

Our florist supply department made arrangements during the year for exclusive distribution of a number of items. Increased sales in florist supplies of approximately \$200,000 are directly attributable to these new items. We are anticipating that the current year will show increasing profitability in our florist supply division.

The Company's planning consultants have had numerous meetings with the Municipality and our long-range plan for land uses has been favourably received. It is anticipated that in the near future successful rezoning will be accomplished. Our expenditures in this regard during the current year were \$31,428 which have been carried forward on the Company's books as additions to our land account.

On behalf of the Board of Directors



October 15, 1971

ROY A. NICHOLSON, President.

*Clarkson, Gordon & Co.*

*Chartered Accountants*

Royal Trust Tower  
P.O. Box 251 Toronto-Dominion Centre  
Toronto 111, Canada

Halifax Saint John Quebec Montreal Ottawa  
Toronto Hamilton Kitchener London Windsor  
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Edmonton Vancouver Victoria

Arthur Young, Clarkson, Gordon & Co.  
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AUDITORS' REPORT

To the Shareholders of  
Calvert-Dale Estates Limited:

We have examined the consolidated balance sheet of Calvert-Dale Estates Limited and its subsidiaries as at July 3, 1971 and the consolidated statements of income and deficit, and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at July 3, 1971 and the results of their operations and the source and application of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Clarkson, Gordon & Co.*

Toronto, Canada,  
September 10, 1971.

Chartered Accountants



**Calvert-Dale Estates Limited  
and subsidiary companies**  
(Incorporated under the laws of Ontario)

**Consolidated Balance Sheet**

**July 3, 1971**

	<u>1971</u>	<u>1970</u>
<b><u>A S S E T S</u></b>		
<b>CURRENT:</b>		
Cash . . . . .	\$ 2,560	\$ 4,095
Accounts receivable . . . . .	783,582	793,261
Expropriation claim receivable (note 7) . . . .		29,100
Inventories of resale merchandise and production supplies valued at the lower of cost or net realizable value . . . .	679,661	635,411
Current portion of mortgages receivable . . . .	6,000	23,000
Prepaid expenses . . . . .	<u>19,240</u>	<u>21,521</u>
	<u>1,491,043</u>	<u>1,506,388</u>
MORTGAGES RECEIVABLE (note 2) . . . . .	<u>408,433</u>	<u>414,433</u>
<b>FIXED (note 3):</b>		
Land, buildings and equipment at cost less accumulated depreciation . . . . .	<u>1,700,775</u>	<u>1,726,929</u>
<b>OTHER:</b>		
Sundry deposits . . . . .	32,059	33,064
Growing crops, patents and trade-marks . . . .	<u>1</u>	<u>1</u>
	<u>32,060</u>	<u>33,065</u>
	<u>\$ 3,632,311</u>	<u>\$ 3,680,815</u>

On behalf of the Board:

R. A. NICHOLSON  
Director

W. R. PIERSON, JR.  
Director

# LIABILITIES

	<u>1971</u>	<u>1970</u>
CURRENT:		
Bank indebtedness (note 4) . . . . .	\$ 1,096,226	\$ 1,071,663
Accounts payable and accrued charges . . . . .	595,263	577,267
Sales and other taxes payable . . . . .	44,251	33,393
Long term debt payments due within one year .	<u>135,000</u>	<u>82,100</u>
	<u>1,870,740</u>	<u>1,764,423</u>
LONG TERM DEBT (note 5) . . . . .	<u>1,342,686</u>	<u>1,487,042</u>
<u>SHAREHOLDERS' EQUITY</u>		
SHARE CAPITAL		
Authorized - 2,000,000 shares without par value		
Issued - 943,018 shares . . . . .	1,489,751	1,489,751
CONTRIBUTED SURPLUS . . . . .	<u>7,500</u>	<u>7,500</u>
	<u>1,497,251</u>	<u>1,497,251</u>
DEFICIT . . . . .	<u>1,078,366</u>	<u>1,067,901</u>
	<u>418,885</u>	<u>429,250</u>
	\$ <u>3,632,311</u>	\$ <u>3,680,815</u>

(see accompanying notes)



# Cal-Dale Calvert-Dale Estates Limited

## Consolidated Statement of Income

FOR THE YEAR (53 weeks) ENDED JULY 3, 1971

	<u>1971</u>	<u>1970</u>
Sales . . . . .	\$ <u>6,483,149</u>	\$ <u>6,190,268</u>
Income before the following items . . . . .	\$ 287,125	\$ 317,590
Interest earned . . . . .	<u>45,685</u>	<u>41,562</u>
	<u>332,810</u>	<u>359,152</u>
Depreciation . . . . .	121,518	122,689
Interest on long term debt . . . . .	113,822	116,535
Other interest . . . . .	<u>96,783</u>	<u>100,728</u>
	<u>332,123</u>	<u>339,952</u>
Operating profit for the year . . . . .	687 ✓	19,200 ✓
Profit (loss) on disposal of fixed assets . . .	<u>(11,152) ✓</u>	<u>56,159</u>
Income (loss) for the year . . . . .	\$ <u>== (10,465) ✓</u>	\$ <u>== 75,369 ✓</u>
Income (loss) per share (note 6)	\$ <u>== (0.01) ✓</u>	\$ <u>== 0.08 ✓</u>

## Consolidated Statement of Deficit

FOR THE YEAR (53 weeks) ENDED JULY 3, 1971

	<u>1971</u>	<u>1970</u>
Deficit, beginning of year		
As previously stated . . . . .	\$ 1,097,001	\$ 1,172,370
Claim relating to a prior year's expropriation (note 7) . . . . .	<u>29,100</u>	<u>29,100</u>
As restated . . . . .	1,067,901	1,143,270
Loss (income) for the year . . . . .	<u>10,465</u>	<u>(75,369)</u>
Deficit, end of year . . . . .	\$ <u>1,078,366</u>	\$ <u>1,067,901</u>

(see accompanying notes)



# Cal-Dale Calvert-Dale Estates Limited

## Consolidated Statement of Source and Application of Cash

FOR THE YEAR (53 weeks) ENDED JULY 3, 1971

	<u>1971</u>	<u>1970</u>
Source of cash:		
Operations-		
Operating profit for the year . . . . .	\$ 687	\$ 19,200
Depreciation and other charges not requiring an outlay of cash . . . . .	<u>122,729</u>	<u>136,918</u>
	<u>123,416</u>	<u>156,118</u>
Issue of 10% subordinated convertible sinking fund debentures . . . . .		300,000
Proceeds from sale of property . . . . .		98,619
Receipt of expropriation claim . . . . .	29,100	
Increase (reduction) in trade accounts and taxes payable . . . . .	28,854	(27,035)
Reduction (increase) in accounts receivable . . .	9,428	(113,420)
Reduction in mortgages receivable . . . . .	23,000	8,000
Reduction in prepaid expenses and other assets . .	<u>3,861</u>	<u>1,659</u>
	<u>217,659</u>	<u>423,944</u>
Application of Cash:		
Purchases of fixed assets (net) . . . . .	106,516	69,745
Reduction of long term debt . . . . .	91,456	220,344
Increase in inventories . . . . .	<u>44,250</u>	<u>64,346</u>
	<u>242,222</u>	<u>354,435</u>
Increase (decrease) in bank indebtedness . . . .	24,563	(69,506)
Bank indebtedness, beginning of year . . . . .	<u>1,071,663</u>	<u>1,141,169</u>
Bank indebtedness, end of year . . . . .	<u>\$ 1,096,226</u>	<u>\$ 1,071,663</u>

(see accompanying notes)

# Cal-Dale Calvert-Dale Estates Limited

## Notes to Consolidated Financial Statements

July 3, 1971

### 1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the company's subsidiaries all of which are inactive.

### 2. MORTGAGES RECEIVABLE

	<u>1971</u>	<u>1970</u>
5¼% due February 1, 1973	\$268,358	\$268,358
7% due September 1, 1970		17,000
7½% due June 25, 1973	19,500	21,500
7½% due June 25, 1973	<u>126,575</u>	<u>130,575</u>
	414,433	437,433
Less amounts receivable within one year, included with current assets	<u>6,000</u>	<u>23,000</u>
	<u>\$408,433</u>	<u>\$414,433</u>

The mortgages receivable have been assigned as collateral security for the 7¼% and 7½% mortgages payable January 1, 1980.

### 3. FIXED ASSETS

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	
			<u>1971</u>	<u>1970</u>
Land (including related costs of \$52,046 in 1971, and \$20,618 in 1970 (note 9(b)))	\$ 718,192		\$ 718,192	\$ 686,763
Buildings and leasehold improvements	1,351,968	\$ 505,556	846,412	890,022
Machinery and equipment	289,010	213,608	75,402	85,429
Motor Vehicles	142,081	98,130	43,951	47,196
Roadways	21,924	5,106	16,818	17,519
	<u>\$ 2,523,175</u>	<u>\$ 822,400</u>	<u>\$ 1,700,775</u>	<u>\$ 1,726,929</u>

#### 4. BANK INDEBTEDNESS

The bank indebtedness of \$1,096,226 and the long term bank loan of \$250,000 referred to in note 5 below are secured by a general assignment of book debts, crops pledged under Section 88 of the Bank Act, a floating charge debenture and a subordinated collateral mortgage on the company's real estate. In addition the bank holds a mortgage bond for \$250,000 that has been hypothecated with it as collateral security for the long term bank loan. Under certain circumstances the bank has the right to require repayment of this loan in advance of the indicated due date. The principal repayment of \$25,000 due September 3, 1971 has been waived.

#### 5. LONG TERM DEBT

	Original <u>borrowing</u>	<u>Outstanding</u>	
		<u>1971</u>	<u>1970</u>
Mortgages:			
7¼% due January 1, 1980 payable \$8,500 quarterly	\$ 500,000	\$ 280,986	\$ 299,962
7¼% due January 1, 1980 payable \$6,500 quarterly	400,000	237,500	250,880
6% due January 1, 1975 payable \$50,000 annually	500,000	200,000	234,100
Convertible debentures:			
7¼% sinking fund debentures maturing December 15, 1976, annual sinking fund instalment of \$20,000 (i)	350,000	180,200	200,200
7% subordinated debentures maturing October 1, 1974 (ii)	150,000	19,000	19,000
10% subordinated sinking fund debentures maturing October 1, 1979, annual sinking fund in- stalment of \$37,500 commencing October 1, 1974 (iii)	300,000	300,000	300,000
Notes payable (unsecured):			
6% repayable \$5,000 in each of the years 1972 and 1973	50,000	10,000	15,000
Bank Loan:			
Repayable \$25,000 on September 3, 1972, balance payable September 3, 1973 (note 4)	300,000	250,000	250,000
		<u>1,477,686</u>	<u>1,569,142</u>
Less amounts due within one year, included with current liabilities		<u>135,000</u>	<u>82,100</u>
		<u>\$ 1,342,686</u>	<u>\$ 1,487,042</u>



- (i) The 7 $\frac{1}{2}$ % sinking fund debentures, which are secured by charges against the company's real property, may be called for redemption at a premium of 2 $\frac{1}{2}$ % until December 15, 1971 and thereafter at premiums declining annually by  $\frac{1}{2}$  of 1% until December 15, 1975 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into shares of the company at \$3.34 per share until December 15, 1971 and \$5.34 per share thereafter until December 14, 1976.
- (ii) The 7% subordinated debentures may be called for redemption at a premium of 2% until September 30, 1971 and thereafter at premiums declining annually by  $\frac{1}{2}$  of 1% until September 30, 1973 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into shares of the company at \$1.11 per share until September 30, 1974.
- (iii) The 10% subordinated sinking fund debentures may be called for redemption at a premium of 9% until September 30, 1971 and thereafter at premiums declining annually by 1% until September 29, 1979 after which date they are redeemable at the principal amount. These debentures are convertible at the holder's option into shares of the company at \$0.90 per share until September 30, 1979.

404,403 of the company's authorized but unissued shares are reserved for the possible conversion of debentures. The conversion rates on the debentures described above are subject to change should additional shares of the company be issued.

#### 6. INCOME (LOSS) PER SHARE

Conversion of the convertible debentures would not have materially diluted the income (loss) per share for either the 1971 or 1970 fiscal year.

#### 7. EXPROPRIATION CLAIM OF A PRIOR YEAR

In 1971 the company received \$29,100 in respect of a claim arising out of the expropriation of its Montreal leased premises in 1965. The receipt has been applied to reduce the opening balance of the company's deficit and 1970 comparative figures have been adjusted accordingly from amounts previously reported.

#### 8. CORPORATE INCOME TAXES

Losses aggregating \$51,750 incurred in prior years and depreciation charges of \$990,000 recorded in the company's accounts but not claimed for tax purposes, are available to reduce taxable income of future years.

#### 9. CONTRACTUAL COMMITMENTS

- (a) Under contractual obligations with respect to leased premises the company is committed to Aggregate annual rentals of approximately \$100,000 to 1975 and \$80,000 thereafter to 1986.

- (b) In September 1969 the company entered into an agreement with S. Eric Johnson Limited to prepare a report in connection with the company's lands, including proposals and recommendations for future land uses. Future payments required for these services are estimated to be \$50,000. Payments of \$31,428 in 1971 and \$20,618 in 1970 have been deferred and included with the carrying value of land in the accompanying financial statements.

10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers (as defined under The Business Corporations Act, 1970) amounted to \$99,461 in the year, including \$2,025 paid as directors' fees.

# *Cal-Dale      The Florist's World*

DIRECTORS:      W. J. CORRIGAN, Jr.      W. V. SMITH, C. A.  
                 M. GAASENBEEK \*      J. C. STRADWICK, Sr.  
                 P. LATCHMAN \*      J. C. STRADWICK, Jr.  
                 R. A. NICHOLSON \*      W. J. WALKER, C.A.  
                 W. R. PIERSON, Jr. \*      A. H. ZALDIN, Q. C. \*

\* Members of Executive Committee

OFFICERS:      R. A. NICHOLSON, President  
                 W. R. PIERSON, Jr., Vice-President and General Manager  
                 G. D. STEPHENS, C. A., Treasurer  
                 A. H. ZALDIN, Q. C., Secretary

AUDITORS:      CLARKSON, GORDON & CO.

BANKER:      TORONTO DOMINION BANK

REGISTRAR and TRANSFER AGENT:  
                 CANADA PERMANENT TRUST COMPANY, TORONTO

LISTED:      TORONTO STOCK EXCHANGE

LOCATIONS:      Head Office and Greenhouses - Brampton, Ontario  
                 Wholesale Branches - Montreal  
                 Ottawa  
                 Toronto





